

WESLEYAN UNIVERSITY

Flexible Spending Accounts

- **How FSAs benefit you and your family**
- **Helpful tips and a few rules**
- **Tools to help use your accounts**



Why Choose an FSA?

FSA Tax Savings Estimator		
	Without an Account	With Both Accounts
Annual Salary	\$ 36,000	\$ 36,000
Weekly Gross Pay	\$ 692	\$ 692
FSA Account Contributions Per Week	\$ 0	Healthcare \$ 25 <u>Childcare \$ 96</u> Total \$ 121
Taxable Wages	\$ 692	\$ 571
Estimated Tax Rate 32% FICA 7.65%, Federal 20%, State 5%	\$ 226	\$ 186
Expenses Paid for After Tax	Healthcare \$ 25 <u>Childcare \$ 96</u> Total \$ 121	\$ 0
Net Pay	\$ 345	\$ 385
Annually	\$ 17,940	\$ 20,020
Total Tax Savings with FSAs		\$ 2,080

Tax Savings!

FSAs save you about 30% on products and services you and your family use every day*.

Make pretax payroll contributions to your FSA and pay no income tax on the money set aside for eligible expenses.

Use your FSA to pay for prescriptions, copays, over-the-counter medicine, dental exams, daycare, and more.

*based on 30% tax bracket

How Does It Work?

Step 1. Plan Ahead

Decide how much money to set aside in your FSA based on you and your family's **predictable and manageable** expenses for the year, up to the maximum. Access your full Medical FSA election from day one.

Step 2. Make an Election for Pre-Tax Payroll Deductions

Your election will be deducted on a pre-tax basis each pay period in equal increments during the plan year.

Step 3. Use your FSA to Pay for Eligible Expenses

Use your debit card or File claims through the GDI website, email, fax or mail. Your FSA pays for eligible expenses that would have bought anyway, but FSA funds are tax-free! It's like getting a discount on every purchase.

Step 4. Know How It Works

Understand the benefits, eligibility and rules of each type of account. Let's take a closer look.

Different Types of FSAs

Medical FSA (Traditional)

A general purpose, traditional medical FSA covers all eligible medical, vision and dental expenses allowed under IRS Code Section 213(d).

New in 2020 includes over-the-counter medicines and menstrual care products.

If you are eligible for the group health plan, and you or your spouse do not contribute to an HSA, you are eligible for a Medical FSA.

Dependent Care FSA

Save on the cost of eligible dependent care for children up to age 13 while you and your spouse (if married) are working or attending school.

Understanding Medical FSAs



**OTC in
2020!**

- The CARES Act of 2020 allows you to use your FSA to purchase popular over-the-counter medicines without a prescription.
- Elect up to \$2750 maximum for the 2021 FSA/Calendar Plan Year
- Includes eligible medical, dental or vision expenses
- You must be eligible for your employer's group health plan
- Access to your entire annual election at anytime during the year
- Use your FSA for yours and your family's expenses
Spouse, children to age 26 even if not claimed on your tax return, domestic partners must be claimed as tax dependent
- Once you make an election, you cannot change it unless you have a qualifying event
- Know your deadlines and Final Filing Date for claims
- Unused funds will be forfeited
- Specific rules are included in your enrollment materials and in your plan's Summary Plan Description

Common FSA Eligible Expenses

- *Over-the-Counter Medicines*
- *Menstrual products*
- *Copays*
- *Prescriptions*
- *Deductible, Coinsurance*
- *First Aid*
- *Dental and Vision Visits*
- *Vision correction surgery*
- *Glasses, Contacts & Supplies*
- *Smoking cessation*
- *Chiropractic care*
- *Orthodontia*

Not Eligible

- *Service Plans or Warrantees*
- *Gym Memberships*
- *Cosmetic Services*

Using Your Medical FSA Debit Card

The GDI Debit Card

- Your debit card is funded with your entire election, just swipe to make eligible purchases
- Built-in intelligence allows most retailers to identify eligible expenses at the point of sale, eliminating the need to substantiate each card swipe
- **Save all receipts!** GDI may request a copy of a receipt in order to substantiate a purchase, this is how GDI can ensure a charge is eligible – *please review the card substantiation materials!*
- Debit cards are suspended when GDI cannot substantiate a transaction within 90 days. We are required by the IRS to deactivate a card until a receipt is reviewed and the charge is determined to be eligible



Tips to Avoid Deactivation

- *Pay attention to your purchases*
- *Always keep your receipts*
- *Share this information with family members*
- *Download the GDI Mobile App*
- *Access the Participant Portal to check for notifications*
- *Manage your portal notification preferences*
- *Don't use the card if you suspect an expense will require a receipt. Use a different form of payment and submit a request for FSA reimbursement instead*
- *Dental & Vision visits often require receipts*

Understanding Dependent Care FSAs

- Annual Maximum Contributions: **\$5,000** *Single Parent or Married, filing jointly*
\$2,500 *Married parents who file separately*
- Reimbursements are limited to the balance in your account
- Compare FSA tax savings to Federal Child Care Tax Credit, FSA may offer greater tax savings
- Eligible children up to 13th birthday while parent(s) are working
- Eligible adult who is your dependent who requires daycare
Most commonly a disabled spouse or child over age 13
- Eligible care providers will provide you with a tax ID number or SSN
No tax-free "under the table" payments to care providers
- GDI's Automated Dependent Care Reimbursement program saves you from the hassle of filing claims throughout the plan year
- Election changes are permitted when you have changes in cost, location, provider or when you no longer need the care
- You will need to complete IRS Form 2441 when you file your annual federal tax return
- You must be the custodial parent in order to elect Dependent Care FSA



Common Eligible Expenses

- *Daycare center*
- *Before or Afterschool Program*
- *Day Camps*
- *Au Pair or Nanny*

Not Eligible

- *Tuition*
- *Deposits on future services*
- *Overnight camps*
- *Under-the-table payments*

Use it Or Lose It? The Wesleyan U FSA GRACE PERIOD

The IRS determines FSAs are **Use-it-or-Lose-It** accounts. That means funds you do not use by the end of the plan year are forfeited by you. Don't let this happen! The following features offer relief from Use-it-or-Lose-It and help you make the best use of your FSA tax savings.

Plan Year Dates

Determined by your employer, it is the date range that defines your FSA election period and when eligible expenses can be incurred.

Runout Period

The period of time (in the case of Wesleyan – 90 days) after the plan year ends when you can still submit expenses you incurred during the plan year.

Grace Period

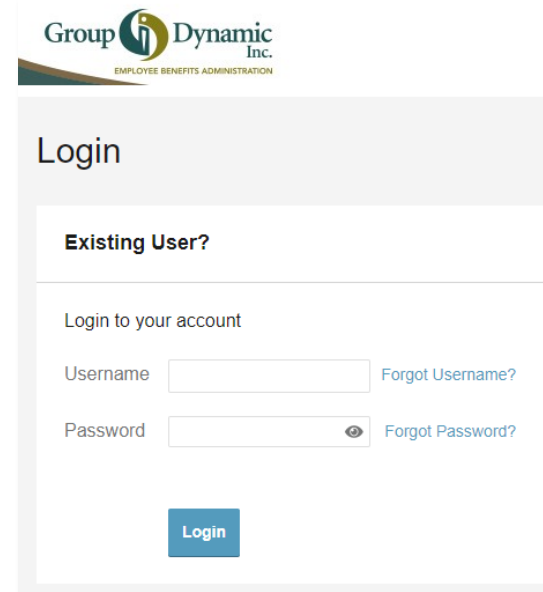
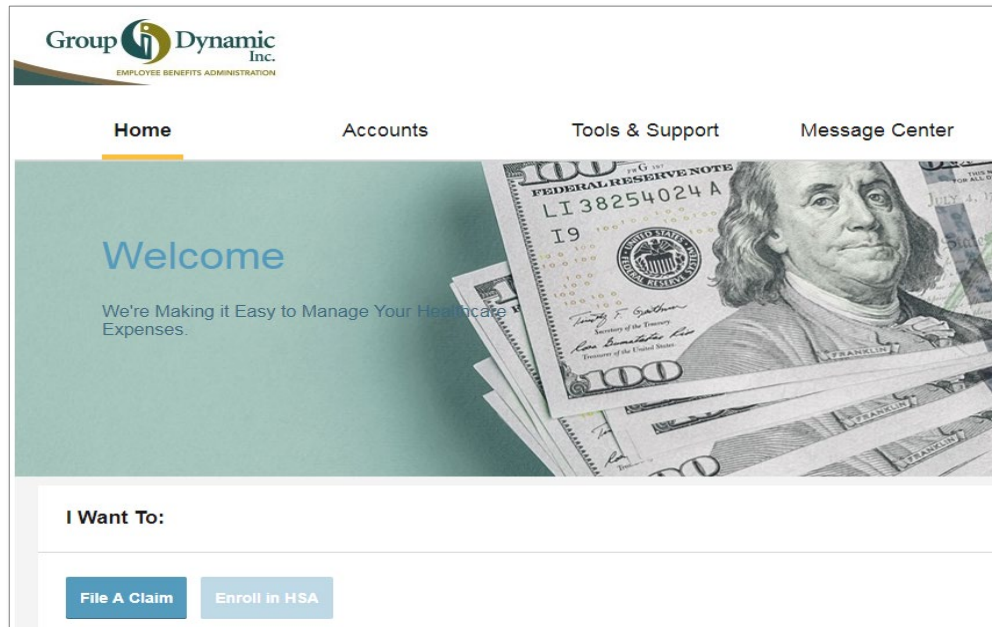
A period of time (In the case of Wesleyan – 2 ½ months) after the plan year ends when you can continue to incur expenses. This means you have until mid-March 2022 to clean out your 2021 FSA.

Tools to Help You Manage Your FSAs

The Participant Portal

Total account management available on the portal:

- Check account balances
- File claims and upload receipts
- View transactions and claim history
- Download forms
- Set up Notification preferences for alerts regarding denials, requests for receipts, card status
- Set up Direct Deposit



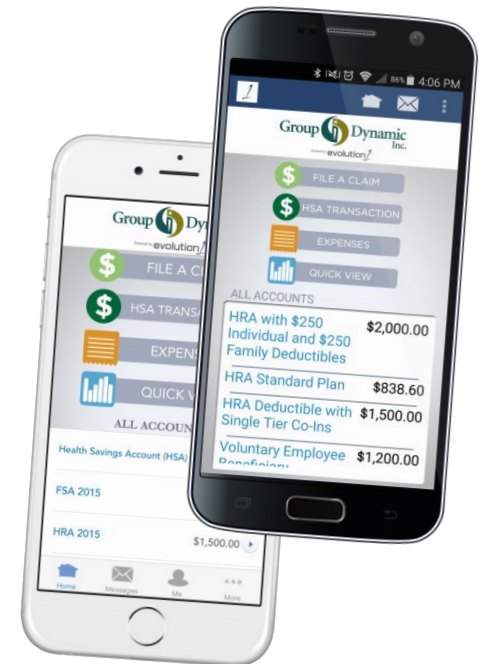
Access the Participant Portal

Go to www.gdynamic.com

Select **Log In**

The Mobile App

- Access your account from your phone or tablet
- Download our free GDI app
- Use the camera to upload receipts
- Set mobile text alerts for account updates



Convenient Filing Options



Reimbursement Requests are processed weekly!

Requests received by noon on Tuesday, a check or direct deposit occurs on Thursday.

- Use your GDI debit card
- File via the participant portal at www.gdynamic.com/portal
- Email a claim to GDI: claims@gdynamic.com
- Fax a claim to GDI: 207-518-5200
- Call GDI's Reimbursement Services Team for help at 800-626-3539

Your FSA Plan

WESLEYAN UNIVERSITY FSA Plan Includes the following provisions:

Plan Year Dates

January 1 to

December 31

Medical FSA

Max: \$2750

Includes Debit Card

Dependent Care FSA Elections

Max: \$5000

Max: \$2500 Married, file separately

Runout Period

90 days after December 31

Filing deadline March 31

Grace Period Dependent Care FSA

2 ½ months after December 31

Last date to incur expenses
March 15

Grace Period Medical FSA

2 ½ months after December 31

Last date to incur expenses
March 15



Thank you for your time.

Group Dynamic, Inc.

411 US Route 1 • Falmouth • ME • 04105

